

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
PLEASANTVILLE, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009

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PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Jeffrey Beier	President	2009
Troy Padellford	Vice President	2008
Roger Schletzbaum	Board Member	2008
Rory Worthington	Board Member	2009
Jennifer Dursky	Board Member	2011
<u>Board of Education</u>		
(After September 2008 Election)		
Troy Padellford	President	2011
Jennifer Dursky	Vice President	2011
Jeffrey Beier	Board Member	2009
Rory Worthington	Board Member	2009
Phil Ray	Board Member	2011
<u>School Officials</u>		
David Isgrig	Superintendent	2010
Robert Friday	District Secretary/Treasurer	2009
Myers, Myers & Danks	Attorney	Indefinite
Dickinson, Mackaman, Tyler & Hagen, P.C.	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Pleasantville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasantville Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasantville Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2010 on our consideration of Pleasantville Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Budgetary Comparison Information on pages 42 through 43 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pleasantville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa  
January 15, 2010

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## Basic Financial Statements

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,516,013	\$ 27,894	\$ 2,543,907
Receivables:			
Property tax:			
Current year	43,962	-	43,962
Succeeding year	2,203,000	-	2,203,000
Income surtax	230,866	-	230,866
Accounts	10,684	-	10,684
Interfund receivable (payable) (note 3)	21,098	(21,098)	-
Due from other governments	93,453	-	93,453
Inventories	-	2,901	2,901
Restricted ISCAP assets (note 5):			
Investments	1,231,238	-	1,231,238
Accrued interest receivable	3,119	-	3,119
Capital assets, net of accumulated depreciation (note 6)	4,634,103	8,743	4,642,846
<b>Total assets</b>	<b>10,987,536</b>	<b>18,440</b>	<b>11,005,976</b>
<b>Liabilities</b>			
Salaries and benefits payable	516,212	-	516,212
Accrued interest payable	21,137	-	21,137
ISCAP warrants payable (note 5)	1,213,000	-	1,213,000
ISCAP accrued interest payable (note 5)	4,527	-	4,527
ISCAP unamortized premium (note 5)	40,629	-	40,629
Deferred revenue:			
Succeeding year property tax	2,203,000	-	2,203,000
Other	23,303	7,202	30,505
Long-term liabilities (note 7):			
Portion due within one year:			
Early retirement	45,998	-	45,998
Bonds payable	260,000	-	260,000
Notes payable	100,000	-	100,000
Real estate contract payable	6,718	-	6,718
Portion due after one year:			
Early retirement	47,618	-	47,618
Bonds payable	880,000	-	880,000
Notes payable	105,000	-	105,000
<b>Total liabilities</b>	<b>5,467,142</b>	<b>7,202</b>	<b>5,474,344</b>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	\$ 3,289,103	\$ 8,743	\$ 3,297,846
Restricted for:			
Categorical funding	777	-	777
Management levy	55,056	-	55,056
Physical plant and equipment levy	167,298	-	167,298
Other special revenue purposes	37,456	-	37,456
Debt service	345,378	-	345,378
Capital projects	198,100	-	198,100
Unrestricted	1,427,226	2,495	1,429,721
Total net assets	\$ 5,520,394	\$ 11,238	\$ 5,531,632

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 2,444,094	\$ 99,701	\$ 512,731
Special instruction	961,332	180,195	131,092
Other instruction	1,004,911	299,097	114,949
	<u>4,410,337</u>	<u>578,993</u>	<u>758,772</u>
Support services:			
Student services	131,949	-	-
Instructional staff services	121,478	-	35,119
Administration services	588,971	-	-
Operation and maintenance of plant services	530,522	195	237
Transportation services	226,654	-	-
	<u>1,599,574</u>	<u>195</u>	<u>35,356</u>
Non-instructional programs	<u>9,233</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	93,148	-	-
Long-term debt interest and fiscal charges	63,330	-	-
AEA flowthrough	232,544	-	232,544
Depreciation (unallocated) *	120,920	-	-
	<u>509,942</u>	<u>-</u>	<u>232,544</u>
Total governmental activities	<u>6,529,086</u>	<u>579,188</u>	<u>1,026,672</u>
Business-Type Activities:			
Non-instructional programs:			
Food service operations	<u>305,154</u>	<u>178,816</u>	<u>140,069</u>
Total	<u>\$ 6,834,240</u>	<u>\$ 758,004</u>	<u>\$ 1,166,741</u>

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,831,662)	\$ -	\$ (1,831,662)
(650,045)	-	(650,045)
(590,865)	-	(590,865)
<u>(3,072,572)</u>	<u>-</u>	<u>(3,072,572)</u>
(131,949)	-	(131,949)
(86,359)	-	(86,359)
(588,971)	-	(588,971)
(530,090)	-	(530,090)
(226,654)	-	(226,654)
<u>(1,564,023)</u>	<u>-</u>	<u>(1,564,023)</u>
<u>(9,233)</u>	<u>-</u>	<u>(9,233)</u>
(93,148)	-	(93,148)
(63,330)	-	(63,330)
-	-	-
(120,920)	-	(120,920)
<u>(277,398)</u>	<u>-</u>	<u>(277,398)</u>
<u>(4,923,226)</u>	<u>-</u>	<u>(4,923,226)</u>
	13,731	13,731
<u>(4,923,226)</u>	<u>13,731</u>	<u>(4,909,495)</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs

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General Revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Income surtax  
Statewide sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

\* = This amount excludes the depreciation included  
    in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 1,853,444	\$ -	\$ 1,853,444
177,504	-	177,504
196,266	-	196,266
226,173	-	226,173
432,671	-	432,671
3,014,768	-	3,014,768
2,584	-	2,584
64,668	-	64,668
5,968,078	-	5,968,078
1,044,852	13,731	1,058,583
4,475,542	(2,493)	4,473,049
<u>\$ 5,520,394</u>	<u>\$ 11,238</u>	<u>\$ 5,531,632</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and pooled investments	\$ 1,672,964	\$ 843,049	\$ 2,516,013
Receivables:			
Property tax:			
Current year	33,205	10,757	43,962
Succeeding year	1,692,000	511,000	2,203,000
Income surtax	230,866	-	230,866
Interfund receivable (note 3)	43,598	-	43,598
Accounts	10,684	-	10,684
Due from other governments	-	93,453	93,453
Restricted ISCAP assets (note 5):			
Investments	1,231,238	-	1,231,238
Accrued interest receivable	3,119	-	3,119
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>4,917,674</u>	\$ <u>1,458,259</u>	\$ <u>6,375,933</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances			
Liabilities:			
Salaries and benefits payable	\$ 516,212	\$ -	\$ 516,212
Interfund payable (note 3)	-	22,500	22,500
ISCAP warrants payable (note 5)	1,213,000	-	1,213,000
ISCAP accrued interest payable (note 5)	4,527	-	4,527
ISCAP unamortized premium (note 5)	40,629	-	40,629
Deferred revenue:			
Succeeding year property tax	1,692,000	511,000	2,203,000
Other	254,169	-	254,169
Total liabilities	<u>3,720,537</u>	<u>533,500</u>	<u>4,254,037</u>
Fund balance:			
Reserved for:			
Categorical funding	777	-	777
Debt service	-	366,515	366,515
Unreserved, reported in:			
General fund	1,196,360	-	1,196,360
Special revenue funds	-	360,144	360,144
Capital projects fund	-	198,100	198,100
Total fund balances	<u>1,197,137</u>	<u>924,759</u>	<u>2,121,896</u>
Total liabilities and fund balances	<u>\$ 4,917,674</u>	<u>\$ 1,458,259</u>	<u>\$ 6,375,933</u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2009

Total fund balances of governmental funds	\$ 2,121,896
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,634,103
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	230,866
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(21,137)
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,445,334)</u>
Net assets of governmental activities	<u>\$ 5,520,394</u>
See notes to financial statements.	

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	\$ 1,919,775	\$ 966,285	\$ 2,886,060
Tuition	224,811	-	224,811
Other	118,756	301,596	420,352
State sources	3,865,412	-	3,865,412
Federal sources	177,303	-	177,303
Total revenues	6,306,057	1,267,881	7,573,938
Expenditures:			
Current:			
Instruction	4,094,483	331,748	4,426,231
Support services:			
Student services	131,947	-	131,947
Instructional staff services	61,966	59,512	121,478
Administration services	552,539	29,581	582,120
Operation and maintenance of plant services	447,426	76,926	524,352
Transportation services	210,230	29,195	239,425
	1,404,108	195,214	1,599,322
Non-instructional programs	9,233	-	9,233
Other expenditures:			
Facilities acquisition	-	93,148	93,148
Long term debt:			
Principal	-	426,339	426,339
Interest and fiscal charges	-	67,502	67,502
AEA flowthrough	232,544	-	232,544
	232,544	586,989	819,533
Total expenditures	5,740,368	1,113,951	6,854,319
Excess of revenues over expenditures	565,689	153,930	719,619

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):			
Interfund transfers in (note 4)	\$ -	\$ 305,348	\$ 305,348
Interfund transfers out (note 4)	-	(305,348)	(305,348)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	565,689	153,930	719,619
Fund balances beginning of year	<u>631,448</u>	<u>770,829</u>	<u>1,402,277</u>
Fund balances end of year	<u>\$ 1,197,137</u>	<u>\$ 924,759</u>	<u>\$ 2,121,896</u>

See notes to financial statements.

## PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 719,619

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 31,795	
Depreciation expense	<u>(179,319)</u>	(147,524)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities.

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 426,339

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,172

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 42,246

Change in net assets of governmental activities \$ 1,044,852

See notes to financial statements.

## PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2009

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 27,894
Inventories	2,901
Capital assets, net of accumulated depreciation	<u>8,743</u>
Total assets	<u>39,538</u>
Liabilities	
Interfund payables (note 3)	21,098
Deferred revenue	<u>7,202</u>
Total liabilities	<u>28,300</u>
Net Assets	
Invested in capital assets	8,743
Unrestricted	<u>2,495</u>
Total net assets	<u>\$ 11,238</u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 Year Ended June 30, 2009

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>178,816</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	75,080
Benefits	27,950
Purchased services	1,773
Supplies	<u>200,351</u>
	<u>305,154</u>
Operating loss	<u>(126,338)</u>
Non-operating revenues:	
State sources	3,511
Federal sources	<u>136,558</u>
Total non-operating revenues	<u>140,069</u>
Change in net assets	13,731
Net assets beginning of year	<u>(2,493)</u>
Net assets end of year	\$ <u><u>11,238</u></u>
See notes to financial statements.	

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 165,295
Cash received from miscellaneous operating activities	13,521
Cash payments to employees for services	(94,702)
Cash payments to suppliers for goods or services	<u>(185,289)</u>
Net cash used by operating activities	<u>(101,175)</u>
Cash flows from non-capital financing activities:	
State grants received	3,511
Federal grants received	<u>119,723</u>
Net cash provided by non-capital financing activities	<u>123,234</u>
Net increase in cash and cash equivalents	22,059
Cash and cash equivalents beginning of year	<u>5,835</u>
Cash and cash equivalents end of year	<u><u>\$ 27,894</u></u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2009

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (126,338)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	16,835
Increase in interfund payable	<u>8,328</u>
Net cash used by operating activities	\$ <u><u>(101,175)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$16,835 of federal commodities.

See notes to financial statements.

## PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2009

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>326,829</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>326,829</u></u>

See notes to financial statements.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended June 30, 2009

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 22,245	
Interest	<u>7,067</u>	
Total additions	<u>29,312</u>	
Deductions:		
Support services:		
Scholarships awarded		<u>16,000</u>
Change in net assets	13,312	
Net assets beginning of year	<u>313,517</u>	
Net assets end of year	<u>\$ 326,829</u>	
See notes to financial statements.		

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Pleasantville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Pleasantville, Iowa, and agricultural territory in Marion and Warren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Pleasantville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Pleasantville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Marion County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Interfund Receivables/Payables – During the course of its operations, the District has numerous transactions between funds. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of June 30, 2009.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned grant revenues and unearned meal revenues.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse employees for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District had no compensated absences liability for June 30, 2009.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$804,065.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2. Cash and Pooled Investments (continued)

At June 30, 2009, the District had investments as follows:

	<u>Fair Value</u>
Money market mutual funds	\$ 330,035
U.S. government bonds	<u>201,975</u>
	<u>\$ 532,010</u>

The investments in money market mutual funds and U.S. government bonds are valued at fair value.

Credit Risk – The investment in the U.S. Government bond is not subject to risk categorization. The investment in the money market mutual fund is rated Aaa by Moody's Investors Service.

Note 3. Interfund Receivables/Payables

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Enterprise, School Nutrition Fund	\$ 21,098
	Special Revenue, Student Activity	<u>22,500</u>
Total		<u>\$ 43,598</u>

These amounts represent the salaries and benefits for the School Nutrition Fund originally paid by the General Fund and not yet reimbursed by June 30, 2009 and other interfund transactions not repaid by year end.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 195,075
	Special Revenue:	
	Physical Plant and Equipment Levy	<u>110,273</u>
Total		<u>\$ 305,348</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2008-09B	1/21/2009	1/21/2010	\$ 325,115	\$ 3,007	\$ 321,000	\$ 4,221	\$ 3,502
2009-10A	6/25/2009	6/23/2010	906,123	112	892,000	306	37,127
Total			<u>\$ 1,231,238</u>	<u>\$ 3,119</u>	<u>\$ 1,213,000</u>	<u>\$ 4,527</u>	<u>\$ 40,629</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	\$ 300,000	\$ 300,000	\$ -

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.50%	3.469%
2008-09B	3.00%	2.110%
2009-10A	2.50%	0.902%

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,500	\$ -	\$ -	\$ 64,500
Capital assets being depreciated:				
Buildings	6,343,070	-	-	6,343,070
Improvements other than buildings	274,523	-	-	274,523
Furniture and equipment	1,556,698	31,795	-	1,588,493
Total capital assets being depreciated	8,174,291	31,795	-	8,206,086
Less accumulated depreciation for:				
Buildings	1,864,504	119,867	-	1,984,371
Improvements other than buildings	264,494	1,053	-	265,547
Furniture and equipment	1,328,166	58,399	-	1,386,565
Total accumulated depreciation	3,457,164	179,319	-	3,636,483
Total capital assets being depreciated, net	4,717,127	(147,524)	-	4,569,603
Governmental activities capital assets, net	\$ 4,781,627	\$ (147,524)	\$ -	\$ 4,634,103

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 26,064	\$ -	\$ -	\$ 26,064
Less accumulated depreciation	17,321	-	-	17,321
Business-type activities capital assets, net	<u>\$ 8,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,743</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 28,952
Support services:	
Administration	6,852
Operation and maintenance of plant services	6,171
Transportation	16,424
	<u>58,399</u>
Unallocated depreciation	<u>120,920</u>
Total governmental activities depreciation expense	<u>\$ 179,319</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 7. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 135,862	\$ -	\$ 42,246	\$ 93,616	\$ 45,998
Capital loan notes payable	305,000	-	100,000	205,000	100,000
General obligation bonds	265,000	-	165,000	100,000	100,000
Revenue bonds	1,195,000	-	155,000	1,040,000	160,000
Real estate contract	13,057	-	6,339	6,718	6,718
Total	<u>\$ 1,913,919</u>	<u>\$ -</u>	<u>\$ 468,585</u>	<u>\$ 1,445,334</u>	<u>\$ 412,716</u>

Early Retirement

The District offers a voluntary early retirement plan to all employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to 43% of the employee's current salary, less any other additional pay or supplemental pay. The retired employee may also continue participation in the District's health insurance group at the employee's own expense.

At June 30, 2009, the District had obligations to nine participants with a total liability of \$93,616. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$42,246. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Capital Loan Notes

Details of the District's June 30, 2009 general obligation capital loan notes is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2010	3.30 %	\$ 100,000	\$ 6,923
2011	3.45	105,000	3,622
		<u>\$ 205,000</u>	<u>\$ 10,545</u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 7. Long-Term Liabilities (continued)

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2010	4.50 %	\$ <u>100,000</u>	\$ <u>4,500</u>

Statewide Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2009 statewide sales and services tax revenue bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2010	3.75 %	\$ 160,000	\$ 36,565
2011	3.75	165,000	30,471
2012	3.75	170,000	24,190
2013	3.75	175,000	17,722
2014	3.80	180,000	11,020
2015	4.00	<u>190,000</u>	<u>3,800</u>
		\$ <u>1,040,000</u>	\$ <u>123,768</u>

The statewide sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the statewide sales and services tax revenue bonds and school infrastructure statewide sales and services tax revenue bonds include the following provisions:

- a) \$149,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- b) Sufficient monthly deposits amounting to one sixth of the next principal and interest payments shall be made to the Statewide Sales and Services Tax Revenue Bond and Interest Revenue Fund for the purpose of making the bond principal and interest payments when due.
- c) Monies in the Revenue Fund shall be disbursed to make deposits in the Sinking Fund to pay the principal and interest requirements of the revenue bonds for the fiscal year.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 7. Long-Term Liabilities (continued)

Statewide Sales and Services Tax Revenue Bonds (continued)

- d) A separate bond reserve fund will be maintained in the amount of \$149,500 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Statewide Sales and Services Tax Revenue Fund.

The District pledged future statewide sales and services tax revenues to repay the \$1,495,000 bonds issued September 1, 2005. The bonds were issued for the purpose of financing a portion of the costs of a school addition. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 45 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$1,163,768. For the current year, \$197,471 of principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$432,671.

Real Estate Contract

Details of the District's June 30, 2009 real estate contract obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ <u>6,718</u>	\$ <u>404</u>	\$ <u>7,122</u>

Note 8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$239,140, \$214,316, and \$204,990, respectively, equal to the required contributions for each year.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 9. Risk Management

Pleasantville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$232,544 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

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## Required Supplementary Information

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds  
and Proprietary Fund  
Required Supplementary Information  
Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 3,531,223	\$ 178,816	\$ 3,710,039	\$ 3,893,682	\$ (183,643)
State sources	3,865,412	3,511	3,868,923	3,931,383	(62,460)
Federal sources	177,303	136,558	313,861	287,000	26,861
Total revenues	7,573,938	318,885	7,892,823	8,112,065	(219,242)
EXPENDITURES/EXPENSES:					
Instruction	4,426,231	-	4,426,231	4,700,880	274,649
Support services	1,599,322	-	1,599,322	2,092,448	493,126
Non-instructional programs	9,233	305,154	314,387	411,230	96,843
Other expenditures	819,533	-	819,533	1,194,014	374,481
Total expenditures/expenses	6,854,319	305,154	7,159,473	8,398,572	1,239,099
Excess (deficiency) of revenues over (under) expenditures/ expenses	719,619	13,731	733,350	(286,507)	1,019,857
Other financing sources, net	-	-	-	1,000	(1,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	719,619	13,731	733,350	(285,507)	1,018,857
Balance beginning of year	1,402,277	(2,493)	1,399,784	1,148,585	251,199
Balance end of year	\$ 2,121,896	\$ 11,238	\$ 2,133,134	\$ 863,078	\$ 1,270,056

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

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## Other Supplementary Information

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Assets				
Cash and pooled investments	\$ 145,538	\$ 59,956	\$ 170,013	\$ 362,895
Receivables:				
Property tax:				
Current year	3,134	-	4,003	3,620
Succeeding year	214,000	-	196,000	101,000
Due from other governments	-	-	-	-
Total assets	<u>\$ 362,672</u>	<u>\$ 59,956</u>	<u>\$ 370,016</u>	<u>\$ 467,515</u>
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ -	\$ 22,500	\$ -	\$ -
Deferred revenue:				
Succeeding year property tax	214,000	-	196,000	101,000
Total liabilities	<u>214,000</u>	<u>22,500</u>	<u>196,000</u>	<u>101,000</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	366,515
Unreserved:				
Undesignated	148,672	37,456	174,016	-
Total fund balances	<u>148,672</u>	<u>37,456</u>	<u>174,016</u>	<u>366,515</u>
Total liabilities and fund balances	<u>\$ 362,672</u>	<u>\$ 59,956</u>	<u>\$ 370,016</u>	<u>\$ 467,515</u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 104,647	\$ 843,049
-	10,757
-	511,000
<u>93,453</u>	<u>93,453</u>
\$ <u><u>198,100</u></u>	\$ <u><u>1,458,259</u></u>
\$ -	\$ 22,500
-	511,000
<u>-</u>	<u>533,500</u>
-	366,515
<u>198,100</u>	<u>558,244</u>
<u>198,100</u>	<u>924,759</u>
\$ <u><u>198,100</u></u>	\$ <u><u>1,458,259</u></u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	\$ 159,843	\$ -	\$ 196,267	\$ 177,504
Other	-	299,800	-	1,796
Total revenues	159,843	299,800	196,267	179,300
Expenditures:				
Current:				
Instruction	21,130	310,618	-	-
Support services:				
Instructional staff services	-	-	-	-
Administration services	29,581	-	-	-
Operation and maintenance of plant services	76,926	-	-	-
Transportation services	-	-	-	-
Other expenditures:				
Facilities acquisition	-	-	-	-
Long term debt:				
Principal	-	-	-	426,339
Interest and fiscal charges	-	-	-	67,502
Total expenditures	127,637	310,618	-	493,841
Excess (deficiency) of revenues over (under) expenditures	32,206	(10,818)	196,267	(314,541)
Other financing sources (uses):				
Interfund transfers in	-	-	-	305,348
Interfund transfers out	-	-	(110,273)	-
Total other financing sources (uses)	-	-	(110,273)	305,348
Net change in fund balances	32,206	(10,818)	85,994	(9,193)
Fund balances beginning of year	116,466	48,274	88,022	375,708
Fund balances end of year	\$ 148,672	\$ 37,456	\$ 174,016	\$ 366,515

See accompanying independent auditor's report.

<u>Capital Projects</u>		<u>Total</u>	
\$	432,671	\$	966,285
	-		301,596
	<u>432,671</u>		<u>1,267,881</u>
	-		331,748
	59,512		59,512
	-		29,581
	-		76,926
	29,195		29,195
	93,148		93,148
	-		426,339
	-		67,502
	<u>181,855</u>		<u>1,113,951</u>
	250,816		153,930
	-		305,348
	<u>(195,075)</u>		<u>(305,348)</u>
	<u>(195,075)</u>		<u>-</u>
	55,741		153,930
	<u>142,359</u>		<u>770,829</u>
\$	<u><u>198,100</u></u>	\$	<u><u>924,759</u></u>

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary Book Fair	\$ 2,860	\$ 8,194	\$ 6,979	\$ 4,075
Elementary Fundraiser	11,490	26,933	15,064	23,359
Special Trips	6,299	288	336	6,251
Library Club	432	831	716	547
Industrial Arts club	(8,215)	2,213	700	(6,702)
Vocal	2,985	21,796	24,954	(173)
Elementary Band	(3,298)	1,405	1,828	(3,721)
Athletic Resale	(3,287)	-	561	(3,848)
Vocational Agriculture Club	(10,768)	2,616	3,538	(11,690)
HS Band	(1,414)	3,768	2,880	(526)
Drill Team	(3,912)	1,914	1,120	(3,118)
Athletics - Summer Program	(327)	-	-	(327)
Boys Basketball	9,452	8,260	9,643	8,069
Football	23,098	11,704	11,138	23,664
Baseball	(12,767)	10,908	10,956	(12,815)
Boys Track	(8,514)	1,622	629	(7,521)
Weightlifting	(45)	-	-	(45)
General HS Athletics Supplies	4,384	10,905	4,909	10,380
Boys Golf	(5,874)	200	360	(6,034)
Wrestling	1,173	17,482	16,030	2,625
Girls Basketball	7,953	13,520	15,265	6,208
Volleyball	(496)	4,511	4,756	(741)
Girls Softball	(12,568)	14,236	15,084	(13,416)
Girls Track	(5,113)	1,166	614	(4,561)
Girls Golf	(5,408)	426	465	(5,447)
Activity Concessions	6,208	14,222	16,960	3,470
North	1,270	2,656	2,749	1,177
High School Lounge	(1,966)	951	1,111	(2,126)
Yearbook	(32,156)	3,775	100	(28,481)
Clubs:				
E. Student Council	314	-	-	314
JH Student Council	3,714	1,068	1,997	2,785
Student Council	1,920	3,981	4,611	1,290
Future Farmers of America	3,323	47,348	48,257	2,414
National Honor Society	(136)	372	100	136
Future Business Leaders	315	-	94	221
Cheerleaders	(466)	419	-	(47)
Spanish	2,145	466	55	2,556
Science	268	52	77	243
Rifle Club	(525)	-	68	(593)

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Student Activities:				
Postage	\$ 91	\$ -	\$ -	\$ 91
Class of:				
2000	398	-	-	398
2001	181	-	-	181
2002	494	-	-	494
2003	8	-	-	8
2004	432	-	-	432
2005	421	-	-	421
2006	900	-	-	900
2007	(140)	-	-	(140)
2008	753	-	-	753
2009	780	2,161	2,329	612
2010	1,502	4,898	4,143	2,257
2011	145	632	81	696
2012	-	-	8	(8)
D.C. Trip	34,666	25,817	53,661	6,822
TAG	1,469	254	314	1,409
Band/Vocal/Art Confederation	3	-	-	3
Home Ec	741	7,386	6,365	1,762
Art/Photo	5,197	-	-	5,197
Savings	10,144	467	-	10,611
Community Service	(1,693)	-	-	(1,693)
Plays	3,247	2,176	3,189	2,234
Social Studies	(210)	-	-	(210)
Community Resources	6,844	3,433	4,308	5,969
Student Council Resale - Trojan Track	6,379	10,769	11,308	5,840
High Fundraising	3,174	1,599	208	4,565
Total	\$ 48,274	\$ 299,800	\$ 310,618	\$ 37,456

See accompanying independent auditor's report.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FIVE YEARS

		Modified Accrual Basis Years Ended June 30,									
		2009	2008	2007	2006	2005					
Revenues:											
Local sources:											
Local tax	\$	2,886,060	\$	2,664,447	\$	2,621,839	\$	2,364,972	\$	2,261,154	
Tuition		224,811		217,259		254,641		241,652		202,346	
Other		420,352		479,156		496,232		477,451		461,408	
State sources		3,865,412		3,631,724		3,409,873		2,952,470		2,878,737	
Federal sources		177,303		118,710		115,904		117,402		141,269	
Total revenues		\$	<u>7,573,938</u>	\$	<u>7,111,296</u>	\$	<u>6,898,489</u>	\$	<u>6,153,947</u>	\$	<u>5,944,914</u>
Expenditures:											
Instruction	\$	4,426,231	\$	4,079,767	\$	4,143,414	\$	3,945,967	\$	3,834,127	
Support services:											
Student services		131,947		73,254		150,696		107,209		102,746	
Instructional staff services		121,478		174,701		160,887		271,802		129,272	
Administration services		582,120		606,430		576,138		563,512		524,227	
Operation and maintenance of plant services		524,352		506,382		520,629		518,104		450,505	
Transportation services		239,425		198,788		187,830		248,667		195,510	
Non-instructional programs		9,233		2,061		13,324		9,728		38,583	
Other expenditures:											
Facilities acquisition		93,148		104,997		292,533		1,404,187		338,881	
Long-term debt:											
Principal		426,339		405,000		390,000		240,000		225,000	
Interest and fiscal charges		67,502		79,468		94,003		86,191		57,828	
AEA flowthrough		232,544		216,305		205,440		183,683		183,306	
Total expenditures		\$	<u>6,854,319</u>	\$	<u>6,447,153</u>	\$	<u>6,734,894</u>	\$	<u>7,579,050</u>	\$	<u>6,079,985</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Pleasantville Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pleasantville Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pleasantville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasantville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pleasantville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Pleasantville Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Pleasantville Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Pleasantville Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-B-09 and I-E-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasantville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Pleasantville Community School District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Pleasantville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Pleasantville Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pleasantville Community School District and other parties to whom Pleasantville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Pleasantville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
January 14, 2010

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

- I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal, check signing, payroll preparations, and bank reconciliations were all done by the same person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel in various offices to provide addition control through review of financial transactions and reports.

- I-B-09 Financial Reporting – During the audit, we identified material amounts of cash, interest revenues and prior year corrections not recorded in the District's financial statements. In addition, the District made no adjusting entries in the Enterprise, School Nutrition Fund to record depreciation expense, the change in inventory, or deferred revenues. Adjustments were subsequently made by the District to properly include these amounts in the financial statements, except to the School Nutrition Fund, which amounts were considered not material to the financial statements.

Recommendation – The District should implement procedures to ensure all applicable transactions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any unrecorded transactions.

Conclusion – Response accepted.

- I-C-09 Disbursement Approval – The Board did not record any evidence of approving six of forty tested.

Recommendation – The situation described in the above comment weakens the control that the Board has over disbursements since not all of the supporting documentation was available for the Board to examine and support their authorization for payment.

Chapter 279.29 of the Code of Iowa provides that "the Board shall audit and allow all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed." In accordance with an Attorney General's opinion dated July 12, 1979, "no claim can be paid until the Board has taken final action on the claim. Logically, no final action can be taken on the claim until all of the specifics of the claim have been examined and verified."

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-C-09 Disbursement Approval (continued)

Response – We will properly approve all disbursements in the future as required.

Conclusion – Response accepted.

I-D-09 Fundraiser Support – We noted that the District requires reconciliations to be completed for fundraising activities but does not enforce compliance by activity sponsors.

Recommendation – The District should require all sponsors or supervisors to complete a reconciliation of any fundraising activity. The reconciliation should match total sales to receipts and deposits, compare items purchased to items sold, and calculate the profit ratio for the activity. This requirement should be communicated to all sponsors and enforced to protect the underlying asset.

Response – We will require this reconciliation to be completed and reviewed in the future and will communicate the importance of this procedure to all sponsors.

Conclusion – Response accepted.

I-E-09 Bank Reconciliation – We noted that the District did not prepare a bank reconciliation for the Proprietary Fund, School Nutrition for the year ended June 30, 2009. In our testing of the bank balance, we noted an unexplained difference of \$397. A bank reconciliation was prepared for the general checking account but we found that an adjustment was needed for \$41,119 between the Capital Projects Fund and the Debt Service Fund. We also noted an unexplained difference of \$3,756 in this account.

Recommendation – Bank reconciliations should be prepared on a timely basis for all accounts and all differences should be properly reconciled or otherwise explained. The Board of Education should review all reconciliations on a monthly basis.

Response – We will properly reconcile all accounts in the future.

Conclusion – Response accepted.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- II-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-I-09 Certified Annual Report – The Certified Annual Report was timely certified to the State of Iowa. However, we noted material variances in the amounts reported.

Recommendation – The District should contact the Iowa Department of Education to resolve this situation.

Response – We have contacted the Department of Education and will make adjustments through the certified annual report for the next fiscal year.

Conclusion – Response accepted.

- II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-K-09     Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		432,671
Expenditures/transfers out:		
School infrastructure:		
Equipment	\$	39,496
Debt service for school infrastructure:		
Revenue debt		<u>195,075</u>
		<u>234,571</u>
Ending balance	\$	<u>198,100</u>

- II-L-09     Outstanding Checks – The District has several checking accounts with outstanding checks older than one year. Some old outstanding checks in the Special Revenue Fund, Student Activity are over 14 years old.

Recommendation – The District should write off all checks outstanding for more than one year and adjust the cash account accordingly.

Response – We will correct this situation and will properly monitor outstanding checks in the future.

Conclusion – Response accepted.

- II-M-09     National School Lunch Program – We noted in our testing of Proprietary Fund, School Nutrition revenues that the District charges students \$.70 and \$.45, respectively, for reduced price lunches and reduced price breakfasts. National School Lunch Program guidelines require charges for reduced price lunches and breakfasts of \$.40 and \$.30, respectively.

Recommendation – The District should contact their program oversight agency, the Iowa Department of Education, to properly resolve this situation and correct the overcharges for reduced price meals.

Response – We were unaware of these meal price limits for reduced price meals. We will contact the proper authorities and resolve this situation.

Conclusion – Response accepted. However, the District should be aware of the applicable guidelines for all Federal programs.

PLEASANTVILLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

- II-N-09 Financial Condition – The Special Revenue, Student Activity Fund had several individual accounts with deficit balances at June 30, 2009.

Recommendation – The District should continue to monitor these deficit situations and investigate alternatives to eliminate all deficits.

Response – We are working on these deficit balances. We are investigating different options to resolve the current financial difficulties.

Conclusion – Response accepted.

- II-O-09 Payroll Reports – We noted that the District paid \$1,243 in late fees and interest related to required adjustments to the quarterly reports to the Iowa Public Employees Retirement System (IPERS). We were also unable to reconcile the quarterly reports to Workforce of Iowa to the salaries reported on the financial statements and in the payroll system. The unreconciled difference was approximately \$201,000.

Recommendation – The District should ensure the accuracy and timeliness of all quarterly payroll reports. The District should investigate the differences between the payroll system and the Workforce of Iowa quarterly reports and file any necessary amended reports.

Response – We will look into these differences and will strive to improve the accuracy of our payroll reports in the future.

Conclusion – Response accepted.

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